

ILLEGIB



22 February 1984

## MEMORANDUM FOR THE RECORD

SUBJECT: Senate Hearings on Supplemental Retirement Programs

1. On 16 February 1984 [redacted] and the undersigned attended a policy forum on the development of a supplemental retirement program, sponsored by Senator Stevens' subcommittee on Civil Service, Post Office and General Services. This was the second of several hearings to be conducted in the Senate on this subject and was intended to be educational for those working on the supplemental system. It allowed experts from the private sector to explain various retirement systems and factors that should be considered in developing a retirement program.

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2. Representatives appeared, for the most part, to be from unions, actuarial and consulting firms, academia, and private entities. To my knowledge only Congressional staff members (and not committee members) were present from the Senate. Overall, the program was informative, offering a variety of data, statistics and information. The attached handouts represent an accurate account of the formal presentations. Unfortunately, the hearing did not offer any insight as to the thinking, direction, or benefit design being considered by Senator Stevens' subcommittee on the supplemental retirement issue.

3. Discussions included the types of retirement systems available in the private sector, i.e., defined contribution, defined benefit, benefit levels and funding, and social security integration. Much of the discussion centered around issues already outlined in the initial Hay Associates report provided to the Agency in January 1984. Major differences between the private and federal programs were highlighted. These included:

- ° Employer Costs - 10%-15% normal in the private sector versus 29% in government.
- ° Indexing - Full indexing in government where only about 3.5% of private industry provide some form of indexing; about 2/3 provides ad-hoc increases and there is not fully automatic indexing in private industry.
- ° Private sector average retirement age of 62-63.

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4. A segment of the program was devoted to a presentation by New York State officials on the problems encountered in restructuring retirement systems in that state. The issue of cost was a major factor in the restructuring process which resulted in the implementation of several different plan designs and benefit levels over the span of the 1970's and into the 1980's.

5. There are several more such forums scheduled for the near future. The next will be April 17 to discuss retirement programs and Social Security. A hearing on May 30 will be devoted to pension funding, investment and administrative issues and the last hearing on July 10 will cover program options.

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Attachments: a/s